

## Labour Charges

### Service Industries

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If you install, assemble, dismantle, adjust, repair, or maintain items for customers, you are required to collect retail sales tax on your **taxable** labour charges. This guide lists examples of **taxable** and **non-taxable** labour charges.

#### EXAMPLES OF TAXABLE LABOUR

The following labour charges are subject to tax:

- **On Motor Vehicles** (also see Sales Tax Guide 115)
  - engine tune-up, oil change, and chassis lubrication
  - wheel alignment
  - tire installation, balancing, and repair
  - muffler installation
  - radiator recore
  - battery charging
  - rust-proofing and finish protection
  - repair and repainting of auto bodies
  - installation of all items such as fenders, rocker panels, and bumpers
  - diagnosis, when further work is done at the same time
- **On Furniture and Appliances**
  - furniture repair, reupholstery, refinishing, and restyling
  - repairs to free-standing appliances, such as stoves, refrigerators, washers, dryers, and televisions
- **On Business Equipment**
  - repairs to business equipment such as typewriters, calculators, cash registers, photocopiers, and computers
- **On Clothing and Shoes**
  - alterations and restyling, including fur garments
  - invisible mending
  - shoe repairs and dyeing
  - skate sharpening
- **Miscellaneous**
  - repair and rewinding of motors, generators, and transformers
  - piano tuning and guitar and violin restringing
  - refinishing, restoration, and retouching of works of art, including paintings, sculptures, and artifacts
  - watch repairs and maintenance
  - potted plant maintenance
- **Service Charges**
  - service and local travel charges associated with any of the above charges



## WARRANTY, EXTENDED WARRANTY, AND MAINTENANCE CONTRACTS

Any charge for these contracts to repair and maintain personal property such as automobiles, appliances and business equipment is subject to tax. Tax also applies to any additional charge you make for parts or labour at the time the repair or maintenance work is done, including deductible.

You may buy repair parts and materials used in performing these contracts without paying tax by issuing purchase exemption certificates to your suppliers. See Sales Tax Guide 104 for details.

## EXAMPLES OF TAX-EXEMPT LABOUR

Tax is not to be added to these labour charges:

- **Repair and Maintenance of Real Property** (also see Sales Tax Guide 113)

- painting, wallpapering, plastering, and tilework
- plumbing and electrical work
- work on central air conditioning and heating systems
- building renovation
- roofing
- lawn maintenance and tree surgery

A contractor who repairs or maintains real property is the user of all materials used in carrying out the repair. If a contractor removes an item, repairs it and then reinstalls it, the labour is exempt from tax.

If an item is removed and then repaired by a person other than the contractor, the item loses its identity as real property and is taxable on the total charge made by the repairer. However, if the item repaired is exempt, for example, production machinery, the labour is also exempt.

- **Installation of Items That Become Real Property**

- replacement windows
- built-in cupboards and appliances
- lighting fixtures and bulbs
- water heaters and furnaces
- built-in fireplaces

- **Personal Services**

- medical and health services
- barbering, hairdressing, beauty treatments, and ear piercing
- carpet, drapery and upholstery cleaning, dry cleaning, including charges for stainguarding and waterproofing when done in conjunction with cleaning
- alterations to infants' and children's clothing
- veterinary care and animal grooming
- taxidermy

- **Motor Vehicle Services**

- towing and emergency battery boosting
- car washing and engine shampooing
- diagnosis, safety inspection, and estimates when **no other work** is done at the same time

- **Repair or Maintenance of Items Where Replacement Parts Are Exempt**

- production machinery and equipment
- farm machinery and equipment
- hospital equipment used in patient care
- orthopedic and prosthetic devices and equipment designed for persons with a physical disability
- equipment used in religious worship
- commercial aircraft
- equipment repaired in Ontario and shipped by the repairer outside Ontario

- **Repairing Your Own Goods**

You do not need to pay tax on your own labour when you install, repair, or maintain your own goods. However, you must pay tax on the materials you use unless the materials are exempt.

- **Out of Province**

Where an item is sent out of Ontario for repair, the charge for labour is not taxable in Ontario, but the charge for parts is subject to tax when the item is returned to Ontario.

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**The information in this publication is only a guideline. For more specific information, please consult the Retail Sales Tax Act or contact your local Retail Sales Tax Office listed in the blue pages of your telephone directory.**

